

KENTUCKY

TEACHERS' RETIREMENT SYSTEM

RETIRED MEMBER
EDITION



January/February
2007

2007 Session of the Kentucky General Assembly

The 2007 General Assembly officially began on January 2nd when the legislature convened for four days to address leadership and procedural issues. It is presently in recess and will reconvene on February 6th, when the process of enacting legislation will begin in earnest. As an "odd year" session, the Legislature will convene for only thirty (30) days instead of sixty (60) as it does in the longer "even year" sessions. The General Assembly will initially meet for twenty-eight (28) days before temporarily recessing on March 12, 2007 for the "veto period" during which the Governor may veto any legislation that has been passed thus far. The General Assembly is then scheduled to reconvene for two days beginning on March 26th to consider overriding any legislation vetoed by the Governor. The Session is scheduled to come to a close on March 27, 2007 when the General Assembly adjourns sine die. This schedule is subject to some ad hoc adjustment by the General Assembly although under no circumstances may it exceed thirty (30) total meeting days.

At its meeting on December 18, 2006, the KTRS Board of Trustees approved a legislative package for presentation to the

2007 General Assembly. The majority of the items in this package consist of routine housekeeping matters that remove archaic language or simply add clarification to the current statutes. These items do not change the current operations or practice of the retirement system. There are, however, a few items of a more substantive nature. These include:

- Request that the 100-day program be extended for another three years for those retirees who are currently returning to work under this program.
- Request that retirees be allowed to use out of state K-12 service in calculating their Daily Wage Threshold even if they have not purchased their out of state K-12 service.
- Request that a minimum Daily Wage Threshold be established.
- Request that members be allowed to remove their ex-spouses as beneficiaries even if they miss the sixty-day deadline. This would not permit members to increase their retirement allowance or "pop up" to an Option I equivalent in the event that their ex-spouse later predeceases them.
- Request that university members participating in the optional retirement plan

(ORP) be provided, a six-month window to switch to KTRS at the time of achieving tenure, and to purchase their prior service under the ORP plan as service credit in KTRS.

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Did You Receive Your New Member Number from KTRS?

As part of our commitment to protect the privacy of our members, KTRS will no longer print the Social Security number on member documents or correspondence. Instead, each of our members has been assigned a separate and unique member number which is only identifiable to KTRS. This new member number has been created for all active and retired members along with all beneficiaries of a KTRS account. *(If a member is receiving a benefit on more than one account, each account will have its own member number. EXAMPLE: a retiree is receiving her own retirement check and a survivor check from her deceased spouse's account. The member will receive two numbers, one for her account and one for her spouse's account.)*

Each member should already have received a notice displaying their new KTRS member number. Remember to keep this information in a secure place.

If you have not received this information in the mail, please send a written request bearing your signature to:

Kentucky Teachers' Retirement System
"New Member ID"
479 Versailles Road
Frankfort, KY 40601

SMOKER'S "QUIT KITS" AVAILABLE

KTRS retirees **under age 65** who are covered by the Kentucky Employees Health Plan (KEHP) health insurance may request a "Quit Kit" to assist them in smoking cessation. This kit, provided by "Wellness Works Kentucky!" in conjunction with KEHP, provides a pamphlet which explains the Smoking Cessation Program (including how to obtain over-the-counter nicotine replacement at greatly reduced costs), other informative pamphlets, and a fun stress-reliever. To request your kit, contact KTRS at 1-800-618-1687.



Medicare Eligible Health Plan

Need a New Medco
Prescription Drug Card???

Call Medco at 1-800-551-8060

Reminders for Those Turning 65 in the Next Twelve Months

- You must enroll in Medicare Part B three months prior to turning 65. The current premium for this coverage is \$93.50 per month.
- Medicare rules will not allow you to be enrolled in two Medicare Advantage plans at the same time.
- The KTRS MEHP Prescription Drug Plan, currently administered by Medco, is considered creditable coverage under Part D of Medicare. There is a \$150.00 deductible to be met each year for drugs purchased at participating retail pharmacies.

2007 EFT Dates

January 29
February 26
March 29
April 27
May 29
June 28
July 27
August 29
September 27
October 29
November 28
December 28

*Direct deposit (EFT),
guarantees your benefit check
will be in your bank or credit
union on the first business
day of the month. Don't wait
on the mail!! Call 1-800-618-
1687 for more information!*

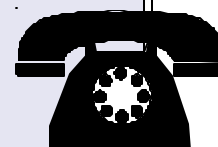
2006 TAX YEAR INFORMATION

KTRS will mail the 1099R tax forms during the last week of January 2007. The tax statement contains confidential information and can only be mailed to the member's address currently on record with KTRS. For your privacy and protection, the member, power of attorney, or beneficiary, must submit a written request to KTRS in order to send the 1099R form to an address that is different from the one currently on record with KTRS. The written request may be mailed to KTRS, or faxed to (502) 573-0254. This special request will not change your permanent address record unless you specifically request that it be changed. You may also visit the KTRS Website at www.ktrs.ky.gov for additional information

and forms, including the change of address forms.

To request a duplicate for a lost 1099R form, please call 1-800-618-1687. The KTRS Call Center staff will verify your correct name and address for mailing the duplicate form and for the permanent record file.

KTRS 502/848-8500
Toll Free 800-618-1687
KERS 502-696-8800
Toll Free 800-928-4646
Deferred Compensation 502-573-7925
Toll Free 800-542-2667
KY Revenue Cabinet 502-564-4581
IRS 800-829-1040



THE EASY EXPLANATION

BOX 1

Shows your total KTRS pension benefit prior to withholdings.

**BOX 1 (less)
BOX 2a= BOX 5**

BOX 2a

Shows the taxable portion of your benefit. If blank, box 2b "Taxable Amount Not Determined" should be marked. In this case, please see your tax advisor.

BOX 5

Shows the nontaxable portion of the total. This amount is **NOT** reported anywhere on your tax return. It is an 'information only' box.

BOX 9b

This box will only show an amount in the first year of retirement. It provides the total amount of previously taxed contributions.

Form 1099-R 2006 <small>OMB No. 1545-0045 Distribution From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. This information is being furnished to the Internal Revenue Service.</small>	Payer's Federal ID Number	STATE <i>COPY 1 - File with Recipient's STATE Income Return</i>
Recipient Information	1 Gross Distribution <div style="text-align: center; font-weight: bold; font-size: 1.2em;">BOX 1</div>	2a Taxable Amount <div style="text-align: center; font-weight: bold; font-size: 1.2em;">BOX 2a</div>
Recipient Identification Number	3 Ancillary Box 2a Eligible for Capital Gain Section	4 Federal Income Tax Withheld <div style="text-align: center; font-weight: bold; font-size: 1.2em;">BOX 5</div>
Payer's Full Name and Address KENTUCKY TEACHERS' RETIREMENT SYSTEM 479 VERSAILLES ROAD FRANKFORT, KY 40601-3800	6 Net Unrealized Appreciation in employer's securities	7 Distribution Code <small>IRA/SEP/Simple</small> <input type="checkbox"/>
9a Your Percentage of Total Distribution	9b Total Emp. Contribution <div style="text-align: center; font-weight: bold; font-size: 1.2em;">BOX 9b</div>	8 Other
11 State/Payer's State Number <div style="text-align: center; font-weight: bold; font-size: 1.2em;">KY 077156</div>	12 State Distribution	10 State Tax Withheld State Taxable Percentage %

BOXES 10 - 13 Shows the state tax information. KTRS does not withhold state taxes. Only pension income attributable to service credit earned after January 1, 1998, is subject to **Kentucky** state taxes. Outside Kentucky, your resident state tax regulations apply.

KENTUCKY STATE TAX LAWS

The good news is that when calculating your Kentucky state income tax liability, there is a \$41,110 EXCLUSION for total state taxable pension income on the Form 740 Kentucky Income Tax Return. Your Form 740 begins with the federal adjusted gross income (AGI). Schedule M of the state return allows adjustments to the federal AGI. Schedule P of the state return is NOT always required; it reports pension income in more detail. You may want to take this newsletter to your tax preparer.

Other Considerations . . .

You must compute the state taxable amount. Multiply the state taxable percentage (next to box 12) by the federal taxable amount in box 2a to arrive at the state taxable amount. **DON'T FORGET TO APPLY THE KENTUCKY PENSION INCOME EXCLUSION AGAINST THE STATE TAXABLE AMOUNT.**

Kentucky Tax Form 740 - Schedule M

Add all your 1099R, box 2a,
FEDERAL taxable amounts.

IF THE TOTAL IS UNDER \$41,110 YOU DO NOT HAVE TO FILL OUT KY 740 - SCHEDULE P. Just subtract the amount from the federal AGI by entering the amount on Part II, line 9. Therefore, you do not owe any state taxes on pensions.

IF THE TOTAL IS OVER \$41,110 YOU MUST FILL OUT KY 740 - SCHEDULE P. Even if you are required to fill out a KY 740 - Schedule P, most retired teachers still do not owe any state taxes.

Kentucky Tax Form 740 - Schedule P

Add all your 1099R, STATE taxable amounts. Enter the total on Part II of Schedule P.

IF THE TOTAL IS UNDER \$41,110 YOU DO NOT OWE ANY KENTUCKY STATE INCOME TAX ON PENSIONS. Follow instructions on completing the schedule.

IF THE TOTAL IS OVER \$41,110 YOU OWE KY STATE TAXES ON THE AMOUNT ABOVE THE EXCLUSION AMOUNT. Again, follow instructions on completing the schedule.

CAUTION:

*Computing a Kentucky state taxable amount does not mean you owe Kentucky state taxes!!

*The requirement to prepare KY 740 - Schedule P does not mean you owe state taxes!

Retired Prior to January 1, 1998	Retired After January 1, 1998 TOTAL FEDERAL RETIREMENT INCOME LESS THAN \$41,110	Retired After January 1, 1998 TOTAL RETIREMENT INCOME !!! MORE THAN \$41,110
KTRS remains as KY STATE NONTAXABLE income. If you receive more than \$41,110 federal taxable pension income you still must prepare KY 740 - Schedule P.	If total federal taxable income is less than \$41,110 then all pension income is KY STATE NONTAXABLE income.	You must fill out KY 740 - Schedule P on your State Income Tax Return. Follow the instructions. Your 1099R will have the information needed to complete the KY 740 - Schedule P.

Retirees Age 65 & Over

Medicare Eligible Health Plan (MEHP)

IMPORTANT INFORMATION

Plan Features to Manage Your Health

You can go to www.humana.com and register for MyHumana as soon as you receive your Humana ID card. MyHumana is a secure, personal Website customized with your plan details, claims, records, and other health benefits information.

From MyHumana, you can browse the Natural Health Encyclopedia and link to the Clinical Drug Library for information about possible food or drug interactions, antibiotics, and immunizations.



HUMANA

Need a new HUMANA insurance card???

www.humana.com

click on "View ID" to see "Letter of Coverage" or call

1-866-396-8810



**30 minutes
of brisk
walking
benefits
health**

SILVERSNEAKERS®

When you become a Humana Group Medicare PFFS member, you'll be eligible to participate in the innovative SilverSneakers® Steps program or the award-winning* SilverSneakers® Fitness Program at no additional cost. Either program gives you a great way to stay physically active, make new friends, and maintain an independent, healthy lifestyle!



The SilverSneakers Fitness Program includes (where available):

- A basic fitness center membership, at no additional cost, that includes conditioning classes as well as the use of strength tools, pools, steam/sauna rooms and more
- A specially designed, low-impact SilverSneakers Class, which promotes increased strength, flexibility, balance, and coordination
- Special events and health education seminars

To find a location near you, go to www.silversneakers.com or call 1-800-295-4993.

If a participating SilverSneakers fitness center is not available in your area, check out the SilverSneakers Steps program!

SilverSneakers Steps is a self-directed, pedometer-based physical activity and walking program that allows you to measure, track, and increase your activities. Steps provides the equipment, tools, and motivation necessary for you to achieve a healthier lifestyle through increased physical activity.

Always check with your physician before beginning any exercise program.

Retirees Age 65 & Over

Medicare Eligible Health Plan (MEHP)

IMPORTANT INFORMATION

Special Services for Certain Health Conditions

Informed Care Management (ICM) is the ActiveHealth® disease management program that actively engages you and your doctor in your healthcare decision making process. It is a unique disease management program for people with chronic conditions and is designed to help you better manage your health and actively work with doctors to improve your care.

Through ICM you'll have access to a Nurse Care Manager who will act as your personal health coach. He or she will utilize a unique set of data, educational resources and technology to help you understand and manage your conditions. ICM is available for several different conditions.

Over the course of your conversations, your Nurse Care Manager will:

- Review your health information with you
- Discuss targets and goals related to conditions
- Prepare a plan to help you meet your health goals
- Suggest questions to ask your doctor
- Give you information about warning signs and symptoms and what you should do if they occur
- Identify ways for you to stay healthy
- Send you follow-up letters that summarize your engagement with the nurse and helpful educational materials

As a member of ICM, your Nurse Care Manager will ask you questions about your diet, exercise, allergies and over-the-counter medications. This information will be compiled with your claims data and fed into the CareEngine® System. The CareEngine is a program that continuously scans for opportunities for better care and identifies potential medical errors. If an opportunity is found for you, your Nurse Care Manager will contact you to discuss the details, answer any questions you may have, and suggest questions to ask your doctor.

If you qualify to participate in the program, you will receive an invitation to enroll. You can also contact Humana at the Customer Service phone number on your ID card, if you feel you might benefit from the program. Humana will complete an assessment to see if you in fact qualify for participation.

ICM Conditions Addressed Include: *(listed in next column)*

- Asthma - Adult
- Breast Cancer
- Cerebrovascular Disease (CVD)
- Chronic Hepatitis
- Chronic Lower Back Pain
- Chronic Obstructive Pulmonary Disease (COPD)
- Chronic Renal Failure
- Colon Cancer
- Congestive Heart Failure (CHF)
- Coronary Artery Disease (CAD)
- Cystic Fibrosis
- Diabetes
- End Stage Renal Disease
- Gastroesophageal Reflux Disease (GERD)
- Hypercoagulable State
- Hypertension (HTN)
- Inflammatory Bowel Disease (IBD)
- Leukemia
- Lung Cancer
- Migraine
- Osteoporosis
- Parkinson's Disease
- Peptic Ulcer Disease (PUD)
- Peripheral Artery Disease (PAD)
- Prostate Cancer
- Rheumatoid Arthritis
- Seizure
- Sickle Cell Disease
- Weight Management

Retirees Age 65 & Over
Medicare Eligible Health Plan (MEHP)
IMPORTANT INFORMATION

Frequently Asked Questions

How do I select my doctor?

You can see any doctor you like; the plan doesn't have a network. Just make sure the doctor participates with Medicare, accepts Medicare payment, and accepts the terms, conditions, and payment rate of Humana's PFFS plan (which is the same as Original Medicare fee schedules). Also, it's always a good idea to have one doctor who knows your medical history and any medications you take, to manage your care.

How can I find out if my doctor will work with Humana?

Most doctors and other healthcare providers accept Medicare. If your doctor accepts Medicare, ask if he or she is also willing to bill Humana and accept the terms, conditions, and payment rate of Humana's PFFS plan (which is the same as Original Medicare fee schedules). Tell your doctor that Humana Group Medicare PFFS is a Medicare Advantage "Private Fee-For-Service" plan, not an HMO or PPO.

What if my doctor has questions or needs information about the Humana Group Medicare PFFS plan?

Humana has one of the strongest Medicare plan educational programs for doctors. Please have your doctor call 1-866-291-9714 (9:00 a.m. - 11:00 p.m. Eastern time, Monday through Friday) to learn more about the PFFS plan.

What if my doctor isn't willing to accept the Humana Group Medicare PFFS plan?

You can call Humana Provider Relations at 1-866-291-9714 (9:00 a.m. - 11:00 p.m. Eastern time, Monday through Friday) to report that your doctor is not willing to participate. Humana will contact the doctor and offer education. If the doctor still refuses to take the Humana Group Medicare PFFS plan, you should seek care from another doctor who agrees to accept the plan.

HumanaFirst® Nurses are Always Available

Ever wish a medical professional was nearby? Someone you could call to get health information when you need it? Your Humana Group Medicare PFFS membership makes that wish come true.



HumanaFirst is a toll-free, 24-hour-a-day health information line Humana makes available for you. Can you manage your care at home, or should you see a medical professional? Call to speak with a registered nurse who can answer your general health questions. A simple phone call can get you the information you need to make your decision.

There is no charge for calling HumanaFirst. Just call 1-800-622-9529 to speak to a HumanaFirst nurse.

HumanaFirst is not intended for emergency situations. Always dial 911 in an emergency.

2007 Session of the Kentucky General Assembly continued from page 1 ...

- Request that all university members participating in ORP be provided a one-time opportunity to switch to KTRS and purchase prior service. This opportunity would expire on December 31, 2007.

None of these requests become law unless approved by the General Assembly and the Governor. Therefore it is very important to read future KTRS Newsletters carefully for further developments as either all, some, or none of these requests may eventually become law.

As with all legislative sessions, KTRS will

continue to monitor new bills, opposing those that negatively affect the retirement system and supporting those that promote and protect it. KTRS will also use the Session as an opportunity to continue to educate members of the General Assembly of the value of the retirement system to Kentucky, of the necessity of maintaining its integrity by avoiding harmful legislation, and generally of the state of the retirement and medical insurance programs.

